

## Message Text

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44

ACTION AF-18

INFO OCT-01 ISO-00 COME-00 EB-11 OPIC-12 XMB-07 OMB-01

AID-20 TRSE-00 CIAE-00 DODE-00 INR-11 NSAE-00 PA-04

RSC-01 USIA-15 PRS-01 SP-03 FAA-00 DOTE-00 CIEP-03

DRC-01 /109 W

----- 040549

R 171000Z SEP 74

FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 6961

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY MASERU

AMEMBASSY PRETORIA

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E. O. 11652: N/A

TAGS: BGEN, BTRA (ROSS, FRANK AND GATT, JOSEPH)

SUBJECT: INTERCONTINENTAL HOTEL (IHC) PROJECT IN

SWAZILAND

REF: STATE 194542

1. ROSS AND GATT OF INTERCONTINENTAL HOTELS (IHC) PRESENTED ECONOMIC AND ENGINEERING FEASIBILITY STUDY FOR CONSTRUCTION OF FIRST-CLASS HOTEL IN MBABANE TO GOS MINISTER OF INDUSTRY, MINES AND TOURISM SIMON NXUMALO ON SEPTEMBER 13. IHC PROPOSAL CALLS FOR 256ROOM, FIRST-CLASS HOTEL, LARGE ENOUGH TO ACCOMMODATE FOREIGN TOUR GROUPS AND EQUIPPED WITH BANQUET AND CONVENTION FACILITIES NOT NOW AVAILABLE IN SWAZILAND THAT WOULD APPEAL TO SOUTH AFRICAN MARKET. REPORT CONCLUDES, "IT IS THE OPINION OF IHC THAT THE PROJECT AS PRESENTED IS ECONOMICALLY FEASIBLE".

2. RECOMMENDED FINANCIAL PLAN ESTIMATES CONSTRUCTION COST AT \$12.5 MILLION (8.5 MILLION RAND) OF WHICH 40

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PERCENT (\$5MILLION) WILL BE PROVIDED BY OWNER'S GROUP

AND 60 PERCENT (\$7.5 MILLION) WILL BE BORROWED.

3. JET AIRPORT -- IHC REPORT STATES, "CONSTRUCTION OF AN INTERNATIONAL JET AIRPORT IN SWAZILAND IS PROBABLY THE MOST IMPORTANT SINGLE FACTOR WEIGHING ON SWAZILAND'S POTENTIAL TO ATTRACT A MUCH GREATER SHARE OF THE OVERSEAS FOREIGN TOURIST MARKET VISITING SOUTHERN AFRICA." REFERRING TO THE PRESENT CONTROVERSY OVER THE LOCATION OF A JET AIRPORT FOR SWAZILAND, THE REPORT SAYS THAT CONSTRUCTION OF THE AIRPORT AT MPAKA, SOME 35 MILES EAST OF THE PRESENT AIRPORT AT MATSAPHA, "MIGHT HAVE A NEGATIVE, RATHER THAN A POSITIVE, IMPACT ON TOURISM TO SWAZILAND AND ON THE PROPOSED HOTEL PROJECT."

4. INCLUSION OF A GAMBLING CASINO -- THE IHC REPORT SKIRTS THIS PROBLEM, SAYING THAT A CASINO WOULD BE AN "IMPORTANT ASSET" BUT NOT MAKING THE PROJECT CONDITIONAL ON HAVING A CASINO, " PROVIDED THAT OTHER AMENITIES ARE PROVIDED."

5. ACCORDING TO ROSS AND GATT, MINISTER NXUMALO WAS ENTHUSIASTIC ABOUT THE REPORT AND IS EAGER TO MOVE AHEAD WITH THE ORGANIZATION OF AN OWNER'S GROUP TO ARRANGE FINANCING AND BEGIN CONSTRUCTION. THE GOS IS EXPECTED TO TAKE AT LEAST 40 PERCENT OF THE EQUITY AND NXUMALO ASKED IHC TO TAKE BETWEEN 11 AND 20 PERCENT. (ROSS WILL SEEK APPROVAL FROM ICH HQ. WHEN HE RETURNS TO THE U.S.). OTHER POSSIBLE INVESTORS ARE MR. HUENERMANN, A GERMAN BUSINESSMAN ACTIVE IN SOUTHERN AFRICA, WHO HAS BEEN ASSOCIATED WITH THE PROJECT FOR SEVERAL YEARS, AND EDESA (ECONOMIC DEVELOPMENT ENTERPRISES OF EQUATORIAL AND SOUTHERN AFRICA), AN INTERNATIONAL INVESTMENT GROUP WHICH INCLUDES GERMAN, SOUTH AFRICAN AND AMERICAN INTERESTS.

6. COMMENT: IHC REPORT IS NOT YET "FINAL" IN THAT IT HAS NOT BEEN FORMALLY ACCEPTED BY GOS. ONCE THIS HAPPENS, FORMAL SEARCH FOR INVESTORS AND DEBT FINANCING WILL GET UNDERWAY. THE TWO MAJOR PROBLEMS, THE LOCATION OF A NEW JET AIRPORT AND AUTHORITY TO INCLUDE A GAMBLING CASINO, ARE BOTH LIKELY TO BE DIFFICULT STICKING POINTS BUT ARE NOT BEYOND THE POWER OF THE GOS TO SOLVE, IF THEY WISH TO LIMITED OFFICIAL USE

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** HOTELS  
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**Copy:** SINGLE  
**Draft Date:** 17 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
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**Office:** ACTION AF  
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**Previous Handling Restrictions:** n/a  
**Reference:** STATE 194542  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 AUG 2002 by WorrelSW>; APPROVED <03 MAR 2003 by cunninfx>  
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30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** INTERCONTINENTAL HOTEL (IHC) PROJECT IN SWAZILAND  
**TAGS:** BGEN, BTRA, WZ, (ROSS, FRANK), (GATT, JOSEPH)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005